

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 EA-12 ISO-00 SP-02 USIA-15 AID-05
EB-08 NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01
CIAE-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 /110 R

DRAFTED BY COM/BIEPR/182/J A SEVER
APPROVED BY EB/IFD/OIA:R D KAUZLARICH
COM/BIEPR/182:D ARRILL (SUBS)
COM/BIEPR/182:V D TRAVAGLINI(SUBS)
LABOR:OFER:D ROUSSLANG (SUBS)
TREASURY/OII:J GRIFFIN (SUBS)
EUR/RPE:D GELBARD (SUBS)
EA/EPS:D H STEBBING (SUBS)

-----008543 140503Z /21

R 132311Z PEB 78
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY LUXEMBOURG
AMEMBASSY REYKJAVICK
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON
AMEMBASSY BRUSSELS

UNCLAS STATE 037873

USEEC

E.O. 11652: N/A

TAGS: EINV, ECON, ELAB, ETRD, XX

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SUBJECT: REQUEST FOR INFORMATION TO AID USG REVIEW OF
INTERNATIONAL INVESTMENT POLICY

REFS: (A) 77 STATE 244738, (B) 77 STATE 135216

1. AN INTERAGENCY TASK FORCE UNDER THE ECONOMIC POLICY
GROUP IS EXAMINING WAYS IN WHICH THE USG CAN PURSUE OUR
OBJECTIVES, AS DEFINED IN THE NEW STATEMENT OF U.S. POLICY
ON DIRECT INTERNATIONAL INVESTMENT (REF B), OF STRENGTHEN-
ING "MULTILATERAL DISCIPLINE AND RESTRAINT OVER GOVERNMENT

ACTIONS WHICH AFFECT INVESTMENT DECISIONS, WHEN SUCH ACTIONS MIGHT ADVERSELY AFFECT OTHER COUNTRIES." THE FIRST STEP IN OUR EXAMINATION WAS TO SURVEY COUNTRIES ATTRACTING SUBSTANTIAL FOREIGN INVESTMENT TO UNDERSTAND THE EXTENT TO WHICH INCENTIVES AND PERFORMANCE REQUIREMENTS ARE EMPLOYED BY BOTH DEVELOPED AND DEVELOPING COUNTRIES. THIS MESSAGE IS TO COMPLETE OUR COVERAGE OF ALL OECD COUNTRIES SO THAT WE WILL HAVE A COMPLETE PICTURE OF OECD MEMBERS' USE OF THESE POLICIES.

2. ACTION REQUESTED: IN THIS CONNECTION, WE NEED AN ASSESSMENT OF THE EXTENT TO WHICH EACH ADDRESSEE'S HOST GOVERNMENT IS USING SUCH MEASURES. WHERE APPROPRIATE TO

EXPLAIN THE LEGAL ENVIRONMENT, POSTS ARE ALSO REQUESTED TO INDICATE ANY CHANGES THAT HAVE OCCURRED IN THE INTERIM. WHILE SOME OF THIS INFORMATION IS AVAILABLE IN WASHINGTON, WE WANT IT TO BE AS UP-TO-DATE AS POSSIBLE. IF POSTS HAVE SUBMITTED INFORMATION REQUESTED IN CONNECTION WITH REF A, THIS SHOULD BE INDICATED IN YOUR RESPONSE.

3. REPORTING SHOULD SPECIFICALLY ADDRESS INVESTMENT INCENTIVES, PERFORMANCE REQUIREMENTS, AND LABOR AND UNCLASSIFIED

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EMPLOYMENT REQUIREMENTS. REPORTING SHOULD REFLECT AS APPROPRIATE THE FOLLOWING: (A) PARTICULAR NATIONAL OBJECTIVES, E.G., EXPORT PROMOTION, IMPORT SUBSTITUTION, AND REDUCTION IN FOREIGN CONTROL, THAT EACH MEASURE IS INTENDED TO SERVE; AND (B) HOW MEASURES ARE IMPLEMENTED IN PRACTICE, INCLUDING DEGREE TO WHICH AUTHORITIES HAVE SHOWN WILLINGNESS TO MAKE EXCEPTIONS AND INFORMATION ON PARTICULAR CASES. REPORTING SHOULD COVER THE FOLLOWING ISSUES:

I. INCENTIVES FOR INVESTMENT. INDICATE IF (A) GENERAL OR CONDITIONED ON INVESTMENT IN CERTAIN AREAS OR INDUSTRIES AND (B) AVAILABLE TO BOTH DOMESTIC AND FOREIGN INVESTORS OR AS A MATTER OF POLICY OR PRACTICE TO ONLY ONE OF THESE GROUPS. SPECIFY WHETHER ANY OTHER CONDITIONS, E.G., EXPORT PERFORMANCE REQUIREMENTS AFFECT ACCESS TO INCENTIVES.

II. PERFORMANCE REQUIREMENTS AND WHETHER THEY ARE REQUIRED OF BOTH DOMESTIC AND FOREIGN INVESTORS OR JUST FOREIGN. THESE ARE MEASURES GOVERNMENTS EMPLOY TO ENSURE THAT INCOMING INVESTMENTS WILL SERVE PARTICULAR NATIONAL OBJECTIVES. THESE INCLUDE QUALITATIVE AND QUANTITATIVE EMPLOYMENT QUOTAS, EXPORT AND IMPORT QUOTAS AND EXPORTS TO DIVERSIFY AND UPGRADE THE COUNTRY'S EXPORT MIX, LOCAL CONTENT OR VALUE ADDED RESTRICTIONS, REQUIREMENTS ON CAPITAL FLOWS, LIMITATIONS ON FOREIGN OWNERSHIP

OR ACCESS TO CAPITAL MARKETS, AND CONDITIONING ONE
CONTRACT ON THE PERFORMANCE OF ANOTHER.

III. LABOR AND EMPLOYMENT ASPECTS OF HOST COUNTRY TREAT-
MENT OF FOREIGN INVESTORS IN PARTICULAR:

-- A. EXEMPTION FOR FOREIGN INVESTORS EITHER BY LAW OR
ON AN AD HOC BASIS, FROM ANY LEGISLATION OR REGULATIONS
GOVERNING LABOR AND INDUSTRIAL RELATIONS. SUCH EXEMPTIONS
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MAY FALL IN, BUT NEED NOT BE LIMITED TO THE FOLLOWING
AREAS: MINIMUM WAGE LAWS; RESTRICTIONS ON TRADE UNION

ACTIVITIES; HEALTH AND SAFETY REGULATIONS, CHILD LABOR
LAWS; AND ANY LEGISLATION GOVERNING LABOR COMPENSATION
(BOTH WAGES AND FRINGE BENEFITS); HOURS, AND CONDITIONS
OF WORK.

-- B. GOVERNMENT SUBSIDIES FOR WAGE PAYMENTS OR OTHER
LABOR COMPENSATION (E.G., HOUSING, MEDICAL SERVICES,
ETC.) FOR FOREIGN INVESTMENT, EITHER EXPLICIT OR
NEGOTIATED.

-- C. ANY OTHER FEATURES OF THE EMPLOYMENT CLIMATE
GENERALLY WHICH MAY OPERATE AS INCENTIVES TO FOREIGN
INVESTMENT, E.G., RESTRICTIONS ON TRADE UNION ACTIVITIES.

6. REQUEST RESPONSES TO THE ABOVE BY MARCH 1. PLEASE
SLUG REPLIES FOR ATTENTION OF DOC/INVESTMENT POLICY
DIVISION.

7. FOR USEC BRUSSELS: REQUEST MISSION PROVIDE APPROPRIATE
INFORMATION ON EC USE OF SUCH MEASURES. VANCE

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<< END OF DOCUMENT >>

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